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(165)

THIS SPACE

FOREIGN SERVICE DESPATCH

FROM: AMEMBASSY, GUATEMALA 397

TO: THE DEPARTMENT OF STATE, WASHINGTON. November 6, 1953

REF: F790004-1159

DATE RECD NOV 7 1953

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	REC'D	INFO OTHER

SUBJECT: Joint Weeka No. 45 for State, Army and Air Departments from SA - Section I.

Action Taken

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SUMMARY

Ambassador Peurifoy presented his credentials on November 4 amid considerable speculation as to what he would do about Communism in Guatemala. The independent press was inclined to think the U.S. would not take forceful action while the Communist newspaper attacked him as a typical "gum-chewing" American and warned him against interference in Guatemalan affairs.

United States economic interests in Guatemala continued to be nibbled at by labor difficulties as a strike vote was being taken at the United Fruit Company's Atlantic Coast plantations and the Labor Court of Appeals ruled that the Empresa Electrica would have to pay wage increases adding 26% to its annual wage bill.

The Soviet trade unions invited Victor Manuel GUTIERREZ, Communist Secretary General of the CGTG, to proceed to the USSR from Vienna where he attended the Third WFTU Congress, and other members of the Guatemalan delegation were invited to Communist China. The press also reported that Guillermo OVANDO Arriola, President of Congress, would leave on November 20 to attend the Vienna "Peace" Congress.

The anti-Communist forces continued to be harassed by the authorities as six persons were reportedly jailed for distributing anti-Communist literature; Colonel Guillermo FLORES, accused of complicity in the Salamá uprising, took asylum in the Nicaraguan Embassy; and the General Directorate of Radio Broadcasting cancelled an independent radio station's permission to use one frequency after it had refused to continue a Communist program.

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FOREIGN AFFAIRS

Speculation Concerning Ambassador Peurifoy's Mission: Ambassador Peurifoy presented his credentials to President Arbenz on November 4 amid a flurry of press and official speculation concerning

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United States intentions toward Guatemala. The Cabinet was reported, by a person in a position to know, to have devoted a large part of a recent meeting to speculation on the nature of the Ambassador's mission. In the press, Impacto, edited by the irrascible Clemente MARROQUIN Rojas, expressed doubts that the U.S. was prepared to take forceful and timely measures against Communism in Guatemala and pointed out that in Greece Ambassador Peurifoy had helped a democratic government opposed to Communism while in Guatemala the government had no fight with the Communists. The independent Prensa Libre referred to a popular opinion that Ambassador Peurifoy had come "to lay the cards on the table" but gave it as its own view that the U.S. had until now followed a policy of reserve and observation towards Communism and that if any change was forthcoming, it would come in connection with an international emergency and not with the assignment of Mr. Peurifoy to Guatemala. The Communist Tribuna Popular on November 1 roughly attacked the Ambassador as "an 'American' type with his feet on the table and chewing gum" and warned that only if he observed the "sovereignty and equality of States" would his mission be a success. It returned to the attack on November 5 saying that in a press photo of the Ambassador and his dog it was impossible to tell where one began and the other ended.

Guatemalan Official Speaks at Anti-American Rally: Jaime DIAZ Rozzotto, Secretary General of the President's Executive Office, was the principal speaker at an October 30 rally to protest the recent U.S.-Spanish base agreement, and delivered a vitriolic anti-American address stating "The monstrous Yankee-Spanish pact lays bare a much more cynical aspect of the warlike fury of decadent capitalism and its unlimited contempt for the people." The rally was sponsored by the Spanish Committee for Peace, and the Committee for Aid to the Spanish Republic, both Communist-line organizations.

AMERICAN INTERESTS

Strike Vote at United Fruit's Atlantic Plantations: A labor court this week ordered a strike vote among the workers of the United Fruit Company's Atlantic Coast banana plantations at Bananera as a preliminary to acting on the petition of the workers' union, SETUFCO, that a strike for higher wages be declared legal. Preliminary press reports indicated the vote heavily in favor of a strike. The court has not acted on the company's petition that it be permitted to suspend the Bananera operations on the grounds that they would no longer be profitable (Weeka 44).

Labor Court of Appeals Lowers Wage Award to Empresa Electrica Workers: The Labor Court of Appeals this week confirmed the Third Labor Court's decision that the July strike of the workers of the

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U.S.-owned Empresa Electrica power and light company was "just" (Weeka 41), but reduced the wage increase award from 100% of the workers' demands to 70%. Under this ruling the company is required to add about 26% to its annual wage bill instead of the 37% demanded by the workers. After the decision was handed down, the Government's "intervention" of the company was brought formally to an end and the company officers are again in full control.

LABOR

Guatemalan Labor Leaders Invited to Visit Soviet Orbit: The independent El Espectador of October 26 reported that the Central Council of Soviet trade unions had invited Víctor Manuel GUTIERREZ, Communist Secretary General of CGTG, the national labor federation, Leonardo CASTILLO Flores, Secretary General of CNCG, the national agricultural workers' federation, and Gabriel CAMEY, leader of the farm workers' union on the former state farm "Concepción" to visit the USSR. They had been attending the WFTU's Third World Trade Union Congress in Vienna. The newspaper reported that the All-China Labor Federation had invited the rest of the Guatemalan delegation to visit Communist China.

Three Guatemalans Elected to WFTU General Council: The Communist Tribuna Popular of November 5 reported that Gutiérrez had been elected to the WFTU's General Council along with two other Guatemalan labor leaders, Carlos Manuel PELLECER, Communist Secretary of Conflicts of the CGTG, and Victor A. LEAL, non-party Vice Secretary of Organization of the CGTG.

DOMESTIC AFFAIRS

President of Congress Reportedly to Attend Vienna Peace Congress: The independent El Imparcial of November 5 reported that Guillermo OLANDO Arriola, President of Congress, would leave for Vienna on November 20 to attend the Communist-sponsored World Peace Congress. Thus far, the Guatemalan Congress has not considered any request to grant him permission to leave the country.

Anti-Communist Movement Suffers Further Reverses: In another instance of official harassment of the anti-Communist movement, the university students' anti-Communist committee (Comité de Estudiantes Universitarios Anticomunistas) protested through the press that six persons distributing anti-Communist literature were arrested by the police this week although they had the proper licenses to do so. The committee said that two persons similarly arrested two weeks ago had been fined $50 and released.

Colonel Guillermo FLORES Avendaño, one of the three Opposition figures released on bail from imprisonment in connection with the

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March Salamá uprising, took refuge in the Nicaraguan Embassy this week and was granted a safe-conduct to leave the country. The other two, Luis VALLADARES y Aycinena, Secretary General of the Partido Unificación Anticomunista (PUA), and Colonel Herlindo SOLORZANO had previously taken asylum in the same Embassy and left the country (Weeka 41).

The Directorate General of Radio Broadcasting, headed by Carlos ALVARADO Járez, a Communist, rescinded "Radio Internacional's" permission to use a frequency on which it had been operating after that independent radio station had refused to continue broadcasting a "news program" based on the Communist Tribuna Popular on the ground that the program was political propaganda, not news (Weeka 40). The Directorate said that the station was interfering with another one. The Tribuna Popular program has been shifted to Station TGCQ, reputedly owned by Colonel Carlos ALDANA Sandoval, Minister of Communications.

Evidence of Corruption Among Administration Supporters. The press this week cited an official decree selling government lots at seven cents a square meter on the fashionable Avenida de la Reforma to César MONTENEGRO Paniagua, Communist Deputy, Major Marco Antonio FRANCO, PAR Deputy, and Mario SOSA, Communist-suspect Chief Inspector of the National Agrarian Department. According to the press, property in that residential area usually sells at $12-$25 a square meter and independent newspapers suggested that corruption was involved. The development underscored the role that personal profit from the government plays in keeping the Administration forces together.

PSYCHOLOGICAL

Communists Attempt to Counter Atrocity Charges: U.S. Department of Defense photographs of Communist atrocities in Korea, released through INP, were given prominent space during the week in leading independent newspapers. As a prompt counter-campaign, the Communist Tribuna Popular launched in its issue of November 4 the first of a series of photographs designed to demonstrate that North Korean and Red Chinese captives were the victims of UN massacres, while UN prisoners were engaging in wholesome sports activities and home-style Christmas celebrations.

MILITARY

Key Military Official Reveals British Refusal to Release $400,000 Worth of Military Equipment: A high-ranking military officer disclosed that the British Government has refused to permit shipment of roughly $400,000 worth of military equipment

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including twelve half-tracks which Hubert F. JULIAN, "The Black Eagle," had been commissioned to purchase in Great Britain (see 1952 Weeks 43). According to this official, the chagrin of the Guatemalan Government over the failure to procure this equipment has been magnified by fear that the investment cannot be recovered, although it is understood that the British Minister to Guatemala is attempting to help.

FOR THE AMBASSADOR

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cc: C.A. Missions & routine.